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SUBJECT: GEORGIA AND RUSSIA CONTINUE NEGOTIATIONS TO BREAK
IMPASSE ON WTO MEMBERSHIP; NEW BIT A POSSIBILITY

REF: 07 TBILISI 3098

¶1. (SBU) Summary: Econoff met with Deputy Minister of Economic Development Tamara Kovsiridze on February 26. Kovsiridze said an agreement has been reached in principle with the Russians to allow Georgian officials to staff border crossings between Russia and Georgia's breakaway regions of Abkhazia and South Ossetia. The border crossing issue has been the only point of disagreement preventing the Georgians from finalizing their bilateral agreement with Russia to allow Russia's accession to the WTO to move into the multilateral negotiations phase. However, because of adamant refusal by the Abkhaz and South Ossetian de facto governments to allow Georgians to operate in those regions to monitor and check the transit of goods, people and potentially dangerous materials, the GOG insists on a Georgian presence at the checkpoints -- with international monitoring, similar to EU involvement on the Moldova-Ukraine border. Unfortunately, the Russian MFA issued a press release on February 27, stating that no agreement on the border crossings will be made without consent of the de facto authorities in Abkhazia and South Ossetia. Kovsiridze also said the Ministry of Economic Development has reviewed the new-style U.S. Bilateral Investment Treaty model and would be willing to discuss signing it during President Saakashvili's visit to the United States in March. End Summary.

RUSSIA/WTO

¶2. (SBU) Kovsiridze said that she had met with Russian negotiators in Geneva on February 19. Although the Russians have been insisting that the border crossing issue is a "political" one, and not a WTO issue, the Secretariat has been pushing them to negotiate with the Georgians to keep the accession process moving forward. The February 19 meeting was arranged by the Secretariat, Kovsiridze said.

¶3. (SBU) In November, Georgia presented the Russians with a set of principles for resolving the border crossing issue (reftel). Kovsiridze confirmed what Georgian newspapers have reported, that an "agreement in principle" with the Russians has been reached to allow the Georgians to establish a presence by its officials -- in Georgian territory -- at the Russian border in Abkhazia and in South Ossetia. The reports were immediately denounced by the Abkhaz and South Ossetian de facto governments, who swore they would never allow such a thing. Thus, the Russian agreement offers less than meets the eye, since it leaves implementation up to the Georgians on what is their sovereign territory, but which they do not control. Therefore, Kovsiridze said, the Georgians are insisting on some kind of additional international presence

at the border crossings, similar to EU-supervised arrangements on the Moldova-Ukraine border. The GOG is already asking the EU to consider the idea. The Georgians and the Russians will meet again in early April for further discussions.

¶4. (SBU) At the same time, the Russian Foreign Ministry has denied that its negotiators in Geneva made any concessions on the point. In a February 27 press release, the Russian MFA declared that "joint customs control at the Ganitadi-Adler border crossing point (in Abkhazia) and at Roki (in South Ossetia) depends on the resolution of the Georgian-Abkhaz and Georgian Ossetian conflicts and on the consent of Sokhumi and Tskhinvali." If that is the case, the Georgia-Russia

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discussions remain as dealocked as ever.

BIT SIGNING BY MARCH?

¶5. (SBU) Kovsiridze said that the USG has presented the Georgian Embassy in Washington with the newest style Bilateral Investment Treaty (BIT) and suggested that it might be signed as a deliverable during President Saakashvili's visit to Washington in March. She said that the text has been reviewed by Ministry of Economic Development officials and they have not raised any major concerns with it. She added that it seems to track other BITs the Georgians have with other countries. She guesses it could be approved by the GOG for signature rather quickly. We understand from the Department that while the text of the BIT may not be difficult to negotiate, consideration of the Annex of excepted sectors would require time to negotiate and it is probably not realistic to expect a signature in March in Washington.

TEFFT